

Internal Revenue Service

Department of the Treasury
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Legend

LLC =

A =

B =

Date 1 =

Date 2 =

Date 3 =

Dear :

This letter responds to a letter dated July 15, 2008, submitted on behalf of LLC, requesting a rulings under § 301.7701-3(c)(1)(iv) of the Procedure and Administration Regulations. Specifically, LLC requests the Service's consent to change its classification from that of an association taxable as a corporation to that of a partnership.

Facts

LLC was formed on Date 1. On Date 1, A was the sole owner of LLC. Although LLC was a domestic eligible entity, LLC did not make an initial classification election.

LLC elected to be treated as an association taxable as a corporation on Date 2. On Date 3, B entered into a purchase agreement to become the 51 percent owner of LLC, conditional upon the issuance of a favorable private letter ruling allowing LLC to change its classification. LLC intends to elect to be classified as a partnership on a date within sixty months of LLC's previous entity classification election on Date 2. LLC now requests the Service's consent under § 301.7701-3(c)(1)(iv) to change its entity classification to a partnership.

Law

Section 301.7701-3(a) provides that a business entity that is not classified as a corporation under § 301.7701-2(b)(1), (3), (4), (5), (6), (7) or (8) (an eligible entity) can elect its classification for federal tax purposes as provided in § 301.7701-3.

Section 301.7701-3(b)(2)(i) provides that, except as provided in § 301.7701-3(b)(3), unless the entity elects otherwise, a foreign eligible entity is: (A) A partnership if it has two or more members and at least one member does not have limited liability; (B) An association if all members have limited liability; or (C) Disregarded as an entity separate from its owner if it has a single owner that does not have limited liability.

Section 301.7701-3(c)(1)(i) provides that, except as provided in § 301.7701-3(c)(1)(iv) and (v), an eligible entity may elect to be classified other than as provided in § 301.7701-3(b), or to change its classification, by filing Form 8832, Entity Classification Election, with the service center designated on Form 8832.

Section 301.7701-3(c)(1)(iii) provides that an election made under § 301.7701-3(c)(1)(i) will be effective on the date specified by the entity on Form 8832 or on the date filed if no date is specified on the election form. The effective date specified on Form 8832 can not be more than 75 days prior to the date on which the election is filed and can not be more than 12 months after the date on which the election is filed.

Section 301.7701-3(c)(1)(iv) provides that, if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification, the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within sixty months if more than fifty percent of the ownership interest in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election.

Conclusion

Based on the facts submitted and the representations made, we consent to LLC changing its classification for federal tax purposes less than 60 months after its previous

classification change. As a result, X may file Form 8832 with the appropriate service center to elect to be classified as a partnership. A copy of this letter should be attached to the Form 8832. A copy is enclosed for that purpose.

Except as expressly set forth above, we express or imply no opinion concerning the federal tax consequences of the facts discussed above under any other provision of the Code.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

David R. Haglund

David R. Haglund
Senior Technician Reviewer, Branch 1
Associate Chief Counsel
(Passthroughs & Special Industries)

cc: